

If you believe you are the victim of a real estate fraud, please write us a brief explanation of what happened. Your explanation should include:

1. A brief overview of the events that took place.
2. The names, addresses, and telephone numbers of the people and companies involved.
3. Copies of all documents you signed, or that were given to you, including grant deeds, quitclaim deeds, trust deeds, reconveyance, assignment of deeds, notes, contracts, agreements, escrow instructions and statements.
4. Copies of canceled checks, or money orders, (both front and back), that you gave in payment or that were given to you as payments.
5. Please print your name, address, and a daytime phone number.  
Send your complaints to:

**Office of the District Attorney  
Real Estate Fraud Prosecution  
412 W. Hospitality Lane, 3<sup>rd</sup> Floor  
San Bernardino, CA 92415-0023**

**YOU MAY ALSO FIND HELP AT  
THESE OTHER AGENCIES &  
ORGANIZATIONS**

**CALIFORNIA DEPARTMENT OF REAL ESTATE  
(DRE)**

107 #8107 S. Broadway  
Los Angeles, CA 90012  
(213) 620-2072

The Department of Real Estate licenses, regulates, and investigates complaints about real estate brokers, salespersons, and mortgage brokers.

**SAN BERNARDINO COUNTY BAR  
ASSOCIATION**

555 N. Arrowhead Ave.  
San Bernardino, CA 92415  
(909) 888-6791

The Bar Association can help consumers find lawyers that deal especially with real estate cases.

**DEPARTMENT OF CORPORATIONS (DOC)**

1350 Room 2034 Front Street  
San Diego, CA 92101-3697  
(619) 525-4233

DOC regulates escrow companies, verifies the licenses of mortgage bankers, and the sale of securities, such as, fractionalized deeds of trust.

**DEPARTMENT OF INSURANCE (DOI)**

Underwriting Service Bureau  
300 S. Spring Street  
Los Angeles, CA 90013  
(800) 927-4357  
(213) 897-8921

The Department of Insurance regulates the state's title insurers, and examines complaints about the insurance business. If you have a complaint involving title to property, you may first file a claim with you title insurer.

**CONTRACTORS' STATE LICENSE BOARD**

1250 #200 E. Cooley Drive  
Colton, CA 92324  
(909) 370-4560

The Contractors' State License Board investigates complaints involving contractors' and mechanics' liens.

**INLAND COUNTIES LEGAL SERVICES**

715 Suite 113 N. Arrowhead Ave.  
San Bernardino, CA 92401  
(909) 884-8615

Provides free legal services to low income families for civil matters.



COUNTY OF SAN BERNARDINO

**Office of the District Attorney**

**MICHAEL A. RAMOS**

DISTRICT ATTORNEY

**REAL ESTATE FRAUD  
PROSECUTION**



## REAL PROPERTY CRIMES

Scam artists operate profitably in the complex world of real estate and finance. Fine print and obscure procedures mask their crimes. When one of these crooks takes your money or property by making a **false representation**, that is criminal fraud. If the falsehood can be proved and **corroborated**, a crime can be charged by the District Attorney. Here are a few examples of the types of con games being run in Southern California:

### Foreclosure Bailout



Victims are lured by the promise of help for those who are **"upside-down"** and owe more on their home than the property is worth. These homeowners may be desperate.

Their alternatives are to sell at a large loss or let the lender foreclose, thus, damaging their credit. Often, those who do not speak or read English well are targeted by bailout specialists.

The con artist tells the homeowner that banks prefer to take a loss on a loan rather than take the home back on a foreclosure, and if the loan is insured by the FHA, the bank does not really lose money. Therefore, the bank is spared the headache of reselling the house. The homeowner is told that he is being offered an opportunity to arrange for a **"short sale"** on the house and will have no effect on his credit rating. This is false.

The plan is usually for the homeowner to deed his house to the bailout specialist for one dollar. The bailout specialist gets a fee in advance, usually 1% of the mortgage amount, or about \$1,000. The con artist then either rents out the house, or lets the (now former) homeowner live there for a modest rent. No payments are made on the loan, and the lender forecloses.

The bailout specialist pockets the advance fee and whatever rent he has collected. On the surface, it all appears perfectly legal. A careful reading of the documents given to the victim may reveal warnings that his credit may suffer, that the bailout specialist is not bound to successfully procure a short sale or reconvey the property. There will probably be a disclaimer of any liability to the victim.

### Rental Fraud



A con artist locates a vacant house. It may be in foreclosure, or perhaps it is only used as a vacation home. She enters the home, changes the locks and advertises the property for rent, usually for a rent below the market. An unsuspecting tenant pays a security deposit and moves in. Rent is collected and pocketed by the rental fraud specialist. The true owner and the bank holding the Deed of Trust do not see a penny.

Some crooks are so bold that they will rent out a property they do not own to several different tenants, collect first and last month's rent plus security, and then vanish. In a creative twist to this fraud, some defrauders claim they actually have a legal right to take over vacant houses under the law of **"adverse possession"**.

If you rent one of these houses, you do not commit a crime yourself. You are; however, a party to Trespass. You have no right to remain in the property.

Be alert for possible rental fraud when the utilities are maintained in the name of a third party or when the "landlord" insists that rent must be collected by her in person. Be especially wary if legal notices are mailed to the residence or posted on the property and your "landlord" tells you to ignore them.

### Home Equity Theft

People who have built up equity in their homes are ripe targets for a variety of confidence games. High pressure salesmen may sell elderly homeowners unnecessary or overpriced home improvements on credit. Or, a salesman may offer to refinance the home and provide cash to the homeowner. Often, victims report they were asked to sign documents with unfilled blank spaces or were not given copies. They have no idea what they've signed. Too often it turns out



that what they signed were **"hard money loans"** - high-interest mortgages with enormous fees. The payments are low because they cover only the interest. The principal is due in one **"balloon"** payment after a few years. The salesman's fees take a large chunk of the homeowner's equity. When the balloon is due, often the only way to save the home from foreclosure is to take out another hard money loan.

Crooks find ways to cash out equity entrusted to them in **"creative financing"** of home purchases. They may employ a phony escrow or outright forgery to get control of the substantial loan proceeds in a home sale.

Your best protection is to **NEVER** submit to pressure and **ALWAYS** insist on getting financial or legal advice before you commit to any real estate transaction.

